

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION**

#### **CONFERENCE COMMITTEE ON HOUSE AMENDMENTS TO SENATE BILL 424**

**Call to Order:** By **CHAIRMAN BOB STORY JR.**, on April 23, 2003 at 4:04 P.M., in Room 350 Capitol.

#### **ROLL CALL**

**Members Present:**

Sen. Bob Story Jr., Chairman (R)  
Rep. Joan Andersen, Vice-Chairman (R)  
Sen. Fred Thomas (R)  
Sen. Linda Nelson (D)  
Rep. Verdell Jackson (R)  
Rep. Nancy Fritz (D)

**Members Excused:** None.

**Members Absent:** None

**Staff Present:** Eddy McClure, Legislative Branch  
Mari Prewett, Committee Secretary

**Please Note.** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing & Date Posted: SB 424, 4/21/2003  
Executive Action:

**SEN. STORY** explained the purpose for the Free Conference Committee.

**Lance Melton, Montana School Boards Association**, explained that their concern with the bill was on the restriction of the use of federal funds. He provided the Committee with two handouts. Exhibit 1 was a potential compromise on SB 424 and Exhibit 2 was regarding federal regulations. **Mr. Melton** discussed both handouts. He concluded by saying that they needed to get rid of the SB 323 retirement issue and do something positive.

**EXHIBIT** (cch86sb0424a01)

**EXHIBIT** (cch86sb0424a02)

**SEN. STORY** and **Lance Melton** discussed Exhibit 1.

*{Tape: 1; Side: A; Approx. Time Counter: 0 - 9.8}*

**Amy Carlson, Governor's Office**, distributed a handout on fiscal impacts of SB 323, attached as Exhibit 3. **Ms. Carlson** explained the handout to the Committee.

**EXHIBIT** (cch86sb0424a03)

*{Tape: 1; Side: A; Approx. Time Counter: 9.8 - 11.3}*

**Lance Melton**, expressed his agreement with Ms. Carlson. He went on to say that they needed another section which would relate to the kids and the increased funding available to help educate them.

**Amy Carlson, REP. ANDERSEN** and **SEN. STORY** discussed Exhibit 3.

**SEN. NELSON** asked why they were dwelling on SB 323 when they were there to address SB 424. **SEN. STORY** replied that they could discuss SB 424 whenever anyone wanted to.

**SEN. NELSON** stated that she had some proposed amendments for SB 424 and briefly explained each amendment.

**REP. ANDERSEN** and **SEN. NELSON** discussed the House amendments.

**Eddy McClure, Legislative Services**, referred to the fiscal note for SB 323, explained the technical note and the need for an amendment.

*{Tape: 1; Side: A; Approx. Time Counter: 11.3 - 20.1}*

SEN. NELSON'S proposed amendments were passed out to the Committee, and are attached as Exhibits 4, 5, 6, and 7.

**EXHIBIT (cch86sb0424a04)**

**EXHIBIT (cch86sb0424a05)**

**EXHIBIT (cch86sb0424a06)**

**EXHIBIT (cch86sb0424a07)**

**REP. JACKSON** and **SEN. NELSON** discussed which amendment addressed which issue.

*{Tape: 1; Side: A; Approx. Time Counter: 19.4 - 21.7}*

**REP. JACKSON** asked **SEN. NELSON** to explain how the increase in entitlements was related to the Consumer Price Index (CPI). **SEN. NELSON** stated that the only reason she had addressed the CPI was because of the amendment added by the House. She continued that since the amendment had been added in the House they needed to make it workable. **REP. JACKSON** and **SEN. NELSON** continued to discuss the CPI issue.

**SEN. NELSON** explained that she had brought the amendments forward to use as ideas. She went on to say that if they were going to give any increases at all, they were just some ways for doing so.

**REP. JACKSON, Amy Carlson** and **SEN. STORY** discussed Exhibit 3 and how the figures had been arrived at.

*{Tape: 1; Side: A; Approx. Time Counter: 24.5 - 25.4}*

**SEN. STORY** asked Lance Melton about the letter he had talked about regarding supplanting. **Mr. Melton** stated that the letter would allow them to supplant, however, he did not believe that the letter was broad enough to allow them to supplant Special Education funds. **Mr. Melton** further discussed the letter and expressed his opinions of what the letter was saying. The letter was distributed to the Committee and is attached as Exhibit 8. He went on to say that there was no clear evidence from the federal government that they could supplant Special Education funds.

**REP. JACKSON** asked Mr. Melton if he had researched matching requirements and maintenance of effort. He further asked how they fit into the issue. **Mr. Melton** stated that they had not researched it with regard to the "No Child Left Behind Act." He went on to express his views on funding for Special Education.

**SEN. STORY** asked Mr. Melton what funds they could supplant. **Mr. Melton** replied that they could supplant No Child Left Behind Act funds. He further discussed supplanting under the impact aid laws.

*{Tape: 1; Side: A; Approx. Time Counter: 25.4 - 28.4}*  
*{Tape: 1; Side: B; Approx. Time Counter: 0 - 0.3}*

**SEN. STORY** asked Madalyn Quinlan, Office of Public Instruction (OPI), about a letter he had requested, which OPI had sent regarding the handling of federal funds. **Ms. Quinlan** deferred to Kathy Fabiano for an answer.

**SEN. STORY** and **Ms. Fabiano** discussed which funds could be supplanted and which could not. They also discussed the differences in supplanting under IDEA and the Title Programs.

**Madalyn Quinlan** advised the Committee that the retirement costs for IDEA were not included in the maintenance of effort calculations. Therefore, the retirement costs charged to the County Retirement Fund were not included in the maintenance of effort.

**REP. JACKSON** asked Ms. Quinlan if in the OPI policies they differentiated between direct costs and indirect costs in terms of using federal money. **Ms. Quinlan** deferred to Ms. Fabiano. **Ms. Fabiano** replied that the Office of Public Instruction did approve indirect cost rates for school districts that wanted to apply for a rate. She went on to say that about 100 of them had applied.

*{Tape: 1; Side: B; Approx. Time Counter: 0.3 - 4}*

**REP. JACKSON** and **Ms. Fabiano** discussed whether or not retirement could be paid out of federal money.

**REP. JACKSON** expressed his concerns that they could be losing the flexibility of federal fund money.

**Lance Melton** addressed the issue of supplanting under the No Child Left Behind Act, IDEA and the Impact Aid laws.

*{Tape: 1; Side: B; Approx. Time Counter: 4 - 8.5}*

**SEN. STORY** asked for an explanation of why the transportation funding had been put back into the bill. **REP. ANDERSEN** explained that the rationale behind the funding being put back in the bill was that there had not been an increase in the transportation

schedules for a number of years. She went on to say that the funding formula had been changed to simplify the process.

**SEN. STORY** asked how it the fee schedule for buses had been determined. **Ms. Fabiano** responded that the numbers had been arrived at in such a way that there would be no losers in the new schedule. She went on to say that all bus routes would receive at least what they were presently receiving with no route receiving less.

**SEN. STORY** expressed his concerns that school districts would buy larger buses to obtain the higher rate of funding. **Ms. Fabiano** explained to **SEN. STORY** that the State did not fund 100 percent of the bus routes, if they chose to buy larger buses to get fifty cents more from the State, the districts would be costing themselves an additional fifty cents to pay the local share of the expenditure.

**REP. JACKSON** asked **Ms. Fabiano** if there was a permissive levy that would pay for the transportation. He went on to ask where the money came from and how much money was available. **Ms. Fabiano** replied that the increase in the State share would be \$1.7 million and would come from the HB 124 block grants. She continued that it would take approximately one-half of the block grant to fund the State share of the increase. She went on to say that they would be diverting the block grants that were currently going to the district transportation fund and using them to fund the increase. She concluded by saying that the County would match the funds and those funds came from a countywide levy.

**{Tape: 1; Side: B; Approx. Time Counter: 8.5 - 16.4}**

**SEN. THOMAS** and **Amy Carlson** continued to discuss the block grant monies.

**{Tape: 1; Side: B; Approx. Time Counter: 16.4 - 17.6}**

**Madalyn Quinlan** explained the new formula for funding of the transportation costs.

**SEN. THOMAS** and **Ms. Quinlan** discussed the changes in the funding formula for the buses.

**{Tape: 1; Side: B; Approx. Time Counter: 17.6 - 19.8}**

**SEN. ESP** stated that since they were eliminating the need to count, there would never be a half-full bus anymore. Therefore, no matter how big the bus was, it would be full under the

proposed rates. He went on to say, that no matter how they looked at it, it came down to a county tax increase.

**{Tape: 1; Side: B; Approx. Time Counter: 18.9 - 21.3}**

**SEN. THOMAS, SEN. NELSON, Madalyn Quinlan, Amy Carlson, Lance Melton and Connie Erickson** discussed SEN. NELSON'S proposed amendments and their impact.

**{Tape: 1; Side: B; Approx. Time Counter: 21.3 - 26.9}**

**SEN. NELSON** reiterated that her proposed amendments had been presented as ideas and did not believe that they would all be adopted.

**REP. FACEY** expressed his concerns regarding increases in taxes. He went on to say that he would encourage the Committee to deal with SB 424 straight up.

**SEN. THOMAS** asked the House Committee Members if they were interested in working on the retirement side of the bill in such a way as to help the property tax payers. **REP. JACKSON** stated that he didn't think that they had time to address the issue. He went on to say that what he had seen other states do, was spend all of the federal money that they could on direct and then negotiate an indirect rate. He remarked on his experiences in working with the federal government.

**REP. FRITZ** and **Lance Melton** discussed federal funding for special education.

**SEN. STORY** and **Amy Carlson** discussed SB 323 regarding the special education issue.

The Free Conference Committee adjourned for the day with the understanding that it would be continued as scheduling would permit.

**{Tape: 2; Side: A; Approx. Time Counter: 0 - 10}**

**ADJOURNMENT**

Adjournment: 5:15 P.M.

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SEN. BOB STORY, JR., Chairman

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MARI PREWETT, Secretary

BS/MP

**EXHIBIT** (cch86sb0424aad)